PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 2004-1-E
DIRECT TESTIMONY OF
PROGRESS ENERGY CAROLINAS, INC.

WITNESS BARBARA A. COPPOLA

Q. Please state your name and business address.

A. My name is Barbara A. Coppola, and my business address is 410 South Wilmington Street Mall, Raleigh, North Carolina 27602.

Q. What is your position with Progress Energy Carolinas?

A. I am the Manager – Fuel Administration in the Fossil Fuels Department.

Q. Please state your educational background and experience.

A. I graduated from Rochester Institute of Technology in 1986 with a Bachelor of Science in Mechanical Engineering. I obtained a Master of Science in Management from North Carolina State University in 2001. I am a registered Professional Engineer in the states of New York and North Carolina. I joined Progress Energy in February 2002 as an Engineering Program Manager in Corporate Technical Services. My current position with the company is Manager of Fuel Administration. Prior to joining Progress Energy, I held various engineering and quality management positions. I am currently a member of the Project Management Institute (PMI), American Society for Quality (ASQ) and the National Society for Professional Engineers (NSPE).

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to show the reasonableness of the Company's fuel purchasing practices and to present fuel cost data for the historical test period January 2003 through December 2003.

Q. How much contract coal and spot coal did the Company receive during the test period?

A. The company received 7,911,609 tons of contract coal at an average cost of $2.00/MBtu and 3,389,913 tons of spot coal at an average cost of $1.84/MBtu.

Q. What was the Company's inventory of coal at the end of December 2003?

A. The coal net inventory as of December 31, 2003 was 1,569,432 tons, which would provide about 39 days of generation based on an 85 percent fossil steam capacity factor.

Q. Please describe Coppola Exhibit No. 1.

A. Coppola Exhibit No. 1 shows the quality of coal received each month during the period.

Q. What was the average nuclear fuel cost for the generation of electricity during the period January 2003 through December 2003?

A. The average cost of nuclear fuel consumed in the generation of electricity during that period was $0.43/MBtu.

Q. During the period January 2003 through December 2003, how many gallons of No. 2 fuel oil did the Company receive and at what cost?

A. The Company received a total of 42,088,226 gallons of No. 2 fuel oil at an average cost of $0.97/gallon ($7.03/MBtu) for that period.

Q. What was the Company's closing oil inventory on December 31, 2003?

A. The Company's closing oil inventory on December 31, 2003 was 36,999,022 gallons of No. 2 fuel oil.

Q. How much natural gas did the Company burn during the period January 2003 through December 2003?

A. The Company burned 10,462,458 MCF natural gas for the period at a cost of $8.32/MBtu.

Q. Were the inventory levels maintained during the test period appropriate and were your fuel procurement practices reasonable and prudent?

A. Yes. The inventory levels ensured an adequate supply of fuel to meet our customers' electrical requirements during this period and the fuel was secured at a reasonable cost utilizing prudent procurement practices and procedures. Progress Energy Carolinas continuously evaluates the term and spot markets for coal, nuclear, oil and natural gas in order to determine the appropriate portfolio of long term and spot purchases of fuels that ensure a reliable supply of electricity to our customers at the lowest reasonable prices. Such evaluations include daily, weekly and monthly solicitations, subscription to fuel pricing services and trade publications and outside consultants.

Does this conclude your testimony?

A. Yes, it does.